

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

UNITED STATES OF AMERICA,
Plaintiff
v.

FUNDS IN THE AMOUNT OF
\$53,082,824.19.00 IN U.S. CURRENCY,
CONTAINED IN THE FOLLOWING
ACCOUNTS UNDER THE NAME OF
BANCO SAN JUAN INTERNATIONAL:

- a) xxx-x7689 – MERRILL LYNCH
ADDRESS: #15 SECOND ST.,
SUITE 210, GUAYNABO, PR
00968, UP TO \$10,000,000.00;
- b) xxx-x7059 – MERRILL LYNCH
ADDRESS: 225 LIBERTY ST.,
41ST FL, NEW YORK, NY 10281,
UP TO \$5,000,000.00; AND
- c) FEDERAL RESERVE BANK OF
NEW YORK ACCOUNT # xxxx-
x228-6, UP TO \$38,082,824.19,

Defendant

CIVIL NO.: 19-

VERIFIED COMPLAINT FOR FORFEITURE IN REM

TO THE HONORABLE COURT:

COMES NOW, Plaintiff, the United States of America, and brings this verified complaint for forfeiture in a civil action in rem against \$53,082,824.19 associated with Banco San Juan International (“BSJI” or the “bank”) (the “Defendant Funds”), all of which are being held at two U.S. financial institutions, further described as: \$15,000,000.00 of funds associated with BSJI accounts held at Merrill Lynch accounts xxx-x7689 and xxx-x7059; and \$38,082,824.19 of funds

associated with a BSJI account held at the Federal Reserve Bank of New York (“FRBNY”) account xxxx-x228-6, and alleges as follows:

NATURE OF ACTION AND THE DEFENDANTS IN REM

This in rem forfeiture action arises out of an investigation by the government of a scheme by Banco San Juan International (“BSJI”), an International Banking Entity incorporated under the laws of the Commonwealth of Puerto Rico. In or about April 2017, BSJI signed a Credit Agreement with Petróleos de Venezuela, SA, (“PDVSA”) for a Term Loan of \$519 million. BSJI operated as the Lender and bank for the Trust Accounts under the Credit Agreement and PDVSA was the Borrower. According to the government’s investigation, BSJI did not have the \$519 million in funds deposited in two trust accounts, as established by the signed Credit Agreement, however, BSJI falsely represented in the financial statements submitted to the Office of the Commissioner for Financial Entities (“OCIF”) and to the FRBNY that the funds were secured and had been fully deposited into restricted interest bearing demand deposit accounts. BSJI falsely represented to OCIF and the FRBNY that the loans were funded and disbursed to trust accounts to justify receiving, into its Master Account at the FRBNY, and laundering over **\$73.8** million dollars in international wires from PDVSA and accounting for them as loan contributions, principal and interest payments. As explained further below, these transfers were in violation of 18 U.S.C. § 1005 (Bank entries, reports and transactions); 18 U.S.C. § 1343 (wire fraud); 18 U.S.C. § 1344 (bank fraud); and 18 U.S.C. § 1956 (a)(2)(A) (laundering of monetary instruments).

The Defendant Funds are subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) as property constituting or derived from proceeds traceable to violations of 18 U.S.C. § 1005 (Bank entries, reports and transactions), 18 U.S.C. 1343 (Fraud by wire) and 18 U.S.C. § 1344 (Bank fraud). In addition, the Defendant Funds are subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A),(C) as property involved in, and traceable to, money laundering violations and/or

wire fraud, 18 U.S.C. § 984 (Civil forfeiture of fungible property) and 18 U.S.C. § 1956 (Laundering of monetary instruments).

DEFENDANT IN REM

The defendant property seized by agents from the Immigration and Customs Enforcement, Homeland Security Investigations (“ICE-HSI”) and the Federal Bureau of Investigation (“FBI”), consists of:

- Funds in the amount of \$53,082,824.19.00 in U.S. Currency, contained in the following accounts under the name of Banco San Juan International:
 - a. xxx-x7689 – Merrill Lynch Address: #15 Second St., Suite 210, Guaynabo, PR 00968, up to \$10,000,000.00;
 - b. xxx-x7059 – Merrill Lynch Address: 225 Liberty St., 41st FL, New York, NY 10281, up to \$5,000,000.00; and
 - c. Federal Reserve Bank of New York Account # xxxx-x228-6, up to \$38,082,824.19.

JURISDICTION AND VENUE

This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1345 and 1335.

Venue is proper in this District pursuant to 28 U.S.C. § 1335(b)(1)(A) because the acts and omissions giving rise to the forfeiture took place in the District of Puerto Rico. The Defendant Funds are currently held in bank accounts in the United States.

BASIS FOR FORFEITURE

This is a civil action in rem brought to enforce the provisions of 18 U.S.C. § 1005 (Bank entries, reports and transactions); 18 U.S.C. 1343 (Fraud by wire); 18 U.S.C. § 1344 (Bank fraud); 18 U.S.C. § 1956 (Laundering of monetary instruments); 18 U.S.C. § 981 (Civil forfeiture); 18 U.S.C. § 984 (Civil forfeiture of fungible property)

At all times relevant to this investigation BSJI was an active corporation registered in the Commonwealth of Puerto Rico. BSJI is principally engaged in granting loans to and accepting deposits from foreign customers.

FACTS

The facts and circumstances supporting the seizure and forfeiture of the Defendant Funds are contained in the unsworn declaration pursuant to 28 U.S.C. § 1746 of Homeland Security Investigations (“HSI”) Special Agent, Ivan J. Serpa attached hereto as Exhibit I, and incorporated herein as if fully stated.

WHEREFORE, the United States of America prays that a warrant for the arrest of the Defendant Funds be issued; that due notice be given to all parties to appear and show cause why the forfeiture should not be decreed; that judgement be entered declaring the Defendant Funds condemned and forfeited to the United States of America for disposition according to law; and that the United States of America be granted such other and further relief as this Court may deem just and proper, together with the costs and disbursement of this actions.

RESPECTFULLY SUBMITTED

In San Juan, Puerto Rico, this 27th day of September, 2019.

ROSA EMILIA RODRIGUEZ-VELEZ
United States Attorney

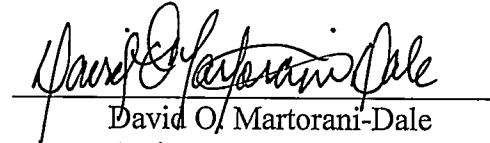
s/ David O. Martorani-Dale
David O. Martorani-Dale
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VERIFIED DECLARATION

I, David O. Martorani-Dale, Assistant U.S. Attorney, for the District of Puerto Rico, declare under the penalty of perjury as provided by 28 U.S.C. § 1746, the following:

That the forgoing complaint is based on reports and information furnished to me by Homeland Security Investigations (“HSI”) and the Federal Bureau of Investigation (“FBI”) and that everything contained therein is true and correct to the best of my knowledge and belief.

Executed in San Juan, Puerto Rico, this 27th day of September 2019.



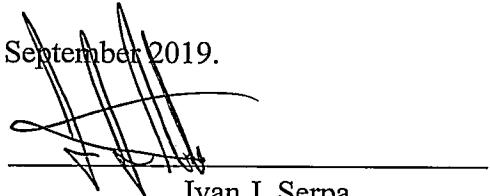
David O. Martorani-Dale
Assistant U.S. Attorney

VERIFIED DECLARATION

I, Ivan J. Serpa, SA, HSI, declare as provided by 28 U.S.C. § 1746, the following:

I have read the contents of the foregoing Complaint for Forfeiture in Rem and the attached unsworn declaration thereto, and I find the same to be true and correct to the best of my knowledge and belief. I declare under penalty of perjury that the forgoing is true and correct.

Executed in San Juan, Puerto Rico, this 27th day of September 2019.



Ivan J. Serpa
HSI Special Agent